

Media enquiries

Kathryn Mitchell
+61 8 8218 5260 / +61 (0) 407 979 982
kathryn.mitchell@santos.com

Richard Phillips – Caliburn Partnership
+61 3 9935 6801 / +61 (0) 410 423 214

Investor enquiries

Andrew Seaton
+61 8 8218 5157 / +61 (0) 410 431 004
andrew.seaton@santos.com

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Response to article in The Australian newspaper

Santos notes the article in today's The Australian newspaper referring to an alleged quote made by a Santos spokesperson to Reuters in relation to its bid for Queensland Gas Company Limited (QGC).

The Santos spokesperson has been misquoted and, as such, the statement referred to should be ignored.

Santos' position on this issue, as outlined in its ASX release on 9 November 2006, is that "QGC has not said or done anything since the announcement of Santos' offer, (including releasing details of the NSAI report) that has altered Santos' assessment that its offer of \$1.26 per share is fair for QGC shareholders."

Ends

**Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR),
Ref #82-34 (Securities Exchange Commission)**